

File



Broadcasting Ltd.

Executive Committee Report

We are pleased to report the most successful year in the history of your Company. Net profit after taxes totalled \$334,653 compared to \$200,251 in 1974, an increase of 67%. Total sales increased by 33 1/2% to \$3,463,934.

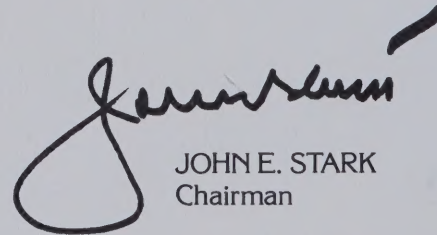
Your Vancouver Radio Stations, CHQM-AM and CHQM-FM enjoyed large increases in both sales and profits.

Our Prince George operations, Radio Station CKPG, CKPG-TV, CKMK Mackenzie, experienced increased sales despite the trend of the economy, which of course had its most obvious impact on that area of British Columbia.

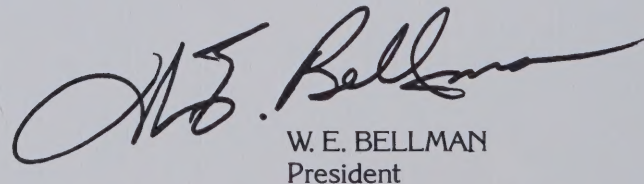
During the year we invested considerable sums to up-grade our Television broadcast facilities with the addition of colour cameras and video tape recording equipment.

Q Music, the Province's largest background music service, continues to make a most satisfactory contribution to profits of your Company.

We wish to thank all of our employees for their endeavours on our behalf.



JOHN E. STARK
Chairman



W. E. BELLMAN
President

Consolidated Statement of Income

Year ended August 31, 1975 (with comparative figures for 1974)

	1975	1974
Gross revenue.....	<u>\$3,463,934</u>	<u>\$2,593,308</u>
Operating expenses (before the following items).....	<u>1,576,692</u>	<u>1,268,548</u>
General, selling and administrative expenses.....	<u>1,039,227</u>	<u>842,599</u>
Depreciation and amortization.....	<u>182,867</u>	<u>160,472</u>
	<u>2,798,786</u>	<u>2,271,619</u>
Income from operations.....	<u>665,148</u>	<u>321,689</u>
Add		
Interest earned.....	<u>54,874</u>	<u>43,721</u>
Gain on sale of fixed assets.....	<u>4,353</u>	<u>1,120</u>
Income before income taxes.....	<u>724,375</u>	<u>366,530</u>
Income taxes.....	<u>389,722</u>	<u>166,279</u>
NET INCOME FOR THE YEAR.....	<u>\$ 334,653</u>	<u>\$ 200,251</u>
EARNINGS PER SHARE.....	<u>\$.79</u>	<u>\$.47</u>

Consolidated Statement of Retained Earnings

Year ended August 31, 1975 (with comparative figures for 1974)

	1975	1974
Retained earnings at beginning of year.....	<u>\$1,156,212</u>	<u>\$1,041,081</u>
Add net income for the year.....	<u>334,653</u>	<u>200,251</u>
	<u>1,490,865</u>	<u>1,241,332</u>
Deduct dividends on		
Class A shares.....	<u>93,412</u>	<u>84,920</u>
Common shares.....	<u>220</u>	<u>200</u>
	<u>93,632</u>	<u>85,120</u>
RETAINED EARNINGS AT END OF YEAR.....	<u>\$1,397,233</u>	<u>\$1,156,212</u>

	Consolidated Balance Sheet (with comparative figures)	
Assets	1975	1974
CURRENT ASSETS		
Cash and deposit receipts	\$ 571,106	\$ 683,202
Accounts receivable	715,088	454,840
Prepaid expenses	73,802	42,480
	<u>1,359,996</u>	<u>1,180,522</u>
OTHER ASSETS		
Life insurance, cash surrender value	8,778	8,450
Investment, at cost	<u>1,000</u>	<u>1,000</u>
	<u>9,778</u>	<u>9,450</u>
FIXED ASSETS, at cost		
Buildings	318,996	312,986
Equipment	1,828,653	1,541,586
Automobiles	42,236	52,932
Leasehold improvements	80,152	72,871
	<u>2,270,037</u>	<u>1,980,375</u>
Less accumulated depreciation and amortization	<u>1,494,440</u>	<u>1,338,918</u>
	775,597	641,457
Land	<u>99,925</u>	<u>99,925</u>
	<u>875,522</u>	<u>741,382</u>
EXCESS OF COST OVER BOOK VALUE AT DATE OF ACQUIRING SHARES OF SUBSIDIARIES	<u>591,142</u>	<u>591,142</u>
	<u>\$2,836,438</u>	<u>\$2,522,496</u>

t at August 31, 1975

t August 31, 1974)

Liabilities

	1975	1974
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 314,966	\$ 316,340
Unearned income	15,783	14,216
Income taxes payable	<u>190,660</u>	<u>129,712</u>
	<u>521,409</u>	<u>406,268</u>
DEFERRED INCOME TAXES	<u>50,596</u>	<u>38,816</u>

Shareholders' Equity

CAPITAL STOCK (note 2)		
Authorized		
1,500,000 Non-voting Class A shares without nominal or par value		
1,000 Common shares without nominal or par value		
Issued		
424,600 Class A shares	867,000	867,000
1,000 Common shares	<u>200</u>	<u>200</u>
	867,200	867,200
RETAINED EARNINGS	<u>1,397,233</u>	<u>1,156,212</u>
	<u>2,264,433</u>	<u>2,023,412</u>
	<u>\$2,836,438</u>	<u>\$2,522,496</u>

Approved by the Board

J. E. STARK, Director

W. E. BELLMAN, Director

Consolidated Statement of Changes in Financial Position

Year ended August 31, 1975 (with comparative figures for 1974)

	1975	1974
SOURCE OF WORKING CAPITAL		
Net income for the year	\$334,653	\$200,251
Items not involving working capital		
Depreciation and amortization	182,867	160,472
Deferred income taxes	11,780	(22,862)
Gain on sale of fixed assets	(4,353)	(1,120)
	<u>524,947</u>	<u>336,741</u>
Proceeds from sale of fixed assets	<u>22,010</u>	<u>8,700</u>
	<u>546,957</u>	<u>345,441</u>
 APPLICATION OF WORKING CAPITAL		
Additions to fixed assets	334,664	191,892
Dividends	93,632	85,120
Increase in cash surrender value of life insurance	328	353
Investment	—	1,000
	<u>428,624</u>	<u>278,365</u>
 INCREASE IN WORKING CAPITAL	118,333	67,076
 WORKING CAPITAL AT BEGINNING OF YEAR	<u>720,254</u>	<u>653,178</u>
 WORKING CAPITAL AT END OF YEAR	<u>\$838,587</u>	<u>\$720,254</u>

Notes to Consolidated Financial Statements

Year ended August 31, 1975

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of Q Broadcasting Ltd. and its subsidiary companies, all of which are wholly-owned. Active subsidiary companies included in the consolidated financial statements are CKPG Television Ltd. and Radio Station CKPG Ltd.

Depreciation and amortization

Depreciation and amortization are provided principally on a straight-line basis over the estimated useful lives of all depreciable properties.

Excess of cost over book value at date of acquiring shares of subsidiaries is not being amortized because the company does not consider any diminution in value to have occurred.

2. CAPITAL STOCK

The company has established an incentive stock option plan for key employees pursuant to which 20,000 Class A shares have been reserved for allotment. At August 31, 1975 options were outstanding on 5,100 Class A shares exercisable at \$7.50. These options expire on January 6, 1976.

3. STATUTORY INFORMATION

Aggregate remuneration of directors and senior officers for the year ended August 31, 1975 amounted to \$236,259 (1974—\$161,006).

Auditors' Report

To the Shareholders of Q Broadcasting Ltd.

We have examined the consolidated balance sheet of Q Broadcasting Ltd. and subsidiary companies as at August 31, 1975 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at August 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C. October 17, 1975

THORNE RIDDELL & CO.
Chartered Accountants

Registered Office

1134 Burrard Street, Vancouver, B.C.

Board of Directors

J. E. STARK, Chairman, Q Broadcasting Ltd.

W. E. BELLMAN, President, Q Broadcasting Ltd.

A. F. TATUM, Secretary, Q Broadcasting Ltd.

R. L. CLIFF, Chartered Accountant

E. M. LAWSON, President of the Teamsters Joint Council No. 36

Twelfth Vice-President of the International Teamsters

A. D. STANLEY, Chartered Accountant

Officers

J. E. STARK, Chairman, Q Broadcasting Ltd.

W. E. BELLMAN, President, Q Broadcasting Ltd.

M. L. FOISY, Vice President—Programming (Vancouver)

N. L. HULLAH, Vice President—Sales (Vancouver)

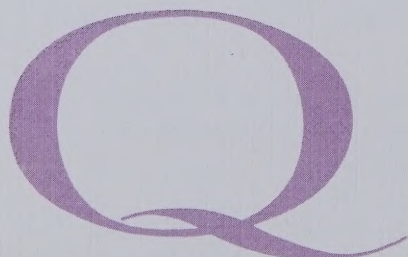
A. F. TATUM, Secretary, Q Broadcasting Ltd.

Transfer Agents

MONTREAL TRUST COMPANY, Vancouver

Auditors

THORNE RIDDELL & CO.



Broadcasting Ltd.